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TAGS: [OVIP](#) [PREL](#) [ETRD](#) [KMCA](#) [PGOV](#) [ES](#)
SUBJECT: UNDERSECRETARY HUGHES' MARCH 17 MEETING WITH
PRESIDENT SACA

REF: SAN SALVADOR 656

Classified By: AMBASSDOR H. DOUGLAS BARCLAY. REASON: 1.4 (B), (D)

11. (C) Summary: Undersecretary for Public Diplomacy Karen Hughes met with President Tony Saca on the morning of March 17 to discuss national and regional politics as well as bilateral issues. President Saca's remark that the United States and El Salvador were "amigos siempre" became a public theme for the Hughes visit. Privately, Saca promised his Arena party would respect the outcome of the March 12 legislative and mayoral elections and would reach out to the opposition in the legislature. He said he wanted to work with the United States to address political issues in Nicaragua. Saca urged the United States to distinguish between the "intelligent left" and the destructive left in Latin America and to signal which was acceptable. On bilateral issues, Saca thanked the United States for TPS extension and pressed for permanent immigration reform. He asked for cooperation from the United States on CAFTA implementation, a fast track for the Millennium Challenge Account compact under design, cooperation in dealing with criminal deportees, and new helicopters for the Salvadoran Armed Forces to strengthen its emergency response capacity. The Undersecretary congratulated President Saca on the show of democracy in the March 12 elections, explained the President's position on immigration reform, and promised to follow up with contacts that might help El Salvador deal with crime at a grass roots level.

PARTICIPANTS

USG
Undersecretary Karen Hughes
Assistant Secretary Tom Shannon
Ambassador H. Douglas Barclay
Economic Counselor Jessica Webster (notetaker)

GOES
President Elias Antonio (Tony) Saca
Foreign Minister Francisco Lainez
Minister of Economy Yolanda de Gavidia
Private Secretary to the President Elmer Charlaix
Francisco Merino, Office of Protocol

End Summary.

Salvadoran Politics

¶2. (C) President Saca opened with comments on the March 12 legislative and municipal elections. The peaceful process had reinforced democracy in El Salvador, he said. Still, Saca expressed concern about the propensity of the opposition FMLN to achieve its political goals through violence. Although ARENA believed that its candidate had won the San Salvador mayor's race, ARENA would not challenge the declared result of the March 15 recount which gave victory to the FMLN. Looking forward, Saca voiced concern about his ability to govern with the new legislature, which would have 34 ARENA seats and 32 FMLN seats. This would make it difficult to pass legislation on critical policy issues that needed more than a simple majority. Still, Saca assured Hughes of his commitment to dialogue with the FMLN. Saca said the constitutional prohibition on reelection - which meant he could not stand as a presidential candidate in 2009 - was a strength of Salvadoran democracy, as it prevented the emergence of "caudillo" leaders which continued to exist elsewhere in the region, notably in Nicaragua.

¶3. (C) On bilateral relations, Saca said that he was a "friend forever" and believed in the fight against terrorism. Saca thanked Hughes for the Administration's decision to extend TPS for an additional 12 months, saying he was grateful for the peace of mind that it would give 250,000 Salvadorans and their families. He explained that El Salvador was working for migration reform in the United States and highlighted the leadership of Foreign Minister Lainez in trying to keep the region focussed on "the people on the other side" (i.e., in the United States), not on the proposed wall. Saca said the right combination of immigration reform and implementation of the free trade agreement was the solution to the migration problem. Saca offered his help to President Bush in working with Congress to pass immigration reform.

¶4. (U) Undersecretary Hughes extended greetings from President Bush. She congratulated El Salvador for the conduct of the electoral process and on voter turnout. Hughes said that the United States was excited that CAFTA had entered into force and that it was grateful for El Salvador's ongoing troop commitment in Iraq. On TPS, Hughes said that Salvadorans living in the United States were important; the United States welcomed workers, but it also needed to protect its borders. Hughes told Saca President Bush wanted a guest worker program to bring workers out of the shadow economy and to find a more permanent solution.

Regional Politics

¶5. (C) Asked about the regional political outlook, Saca said El Salvador exercises a leadership role in Central America. On Costa Rica, although Arias had won the election, Saca was concerned that Costa Rica was being contaminated by anti-free trade thinking. On Nicaragua, Saca said El Salvador and the United States must work together. If the problem of Aleman were not resolved, Ortega would reemerge, which Saca termed "a headache" for El Salvador. He told the Undersecretary that former Salvadoran President Calderon Sol had been meeting with leaders on the political right - Aleman, Bolanos, Montealegre - to urge unity. Saca spoke favorably of

Montealegre. On Mexico, Saca was concerned about polls which showed that Lopez Obrador wanted to amend NAFTA despite NAFTA's contribution to economic growth. El Salvador would not ask to amend CAFTA 15 years from now, he said.

¶6. (C) More broadly, Saca said the U.S. and El Salvador needed to be concerned about the advance of the left in the region, but that there were two lefts: an "intelligent left" (like Chile) and a destructive left. He advised the United States to distinguish between them and to send a message about which it could work with as a partner. Saca praised the United States for not responding to Venezuela President Chavez' provocations and for Secretary Rice's meeting with Bolivian President Evo Morales. On Venezuela, Saca called Chavez a force for destabilization. He criticized Chavez' failure to manage his oil windfall effectively, but said those revenues would allow Chavez to remain strong for some time. The Venezuelan people would have to resolve the Chavez problem, he continued. Saca thought the decision of the Venezuelan opposition not to participate in previous elections had been smart, but it might not be advisable for the opposition to sit out the presidential elections. Saca was concerned about Iran's relationship with Venezuela and, closer to home, Chavez' support for the FMLN.

¶7. (C) Hughes told Saca Secretary Rice had met with Morales and believed that there may be an opportunity to work constructively with him. Hughes asked how the United States could communicate better with Central and South America. Saca said the Salvadoran people knew about the United States' support for El Salvador through programs like New Horizons and the Millennium Challenge Corporation. Still, he said, the United States needed to remain close to the leadership of the Americas to boost the perception of U.S. engagement.

Bilateral Issues

¶8. (C) President Saca said CAFTA implementation had been problematic for El Salvador. He emphasized that El Salvador had done its homework, changed laws as necessary, and implemented rules changes in record time. He reiterated El Salvador's commitment to approve final required legal changes (Comment: approved by the Legislative Assembly later in the day). In exchange, he asked for cooperation from the United States. Minister of Economy Yolanda de Gavidia explained the "co-production" problem for the textile/apparel assembly sector (reftel), and both she and the President emphasized that jobs were at stake: at present, over 900 workers had been idled with the suspension of operations in 2 plants, but 20,000 of the total 80,000 jobs in the sector were at risk.

¶9. (U) On the Millennium Challenge Account, Saca urged the United States to move this forward so that work on the northern zone highway could begin in 2006. He stressed that the project had been broadly consulted over the past eight years and assured Hughes that the compact proposal under development had his personal attention and the involvement of key cabinet members. He promised that El Salvador would excel.

¶10. (C) Foreign Minister Lainez asked for USG cooperation in enabling Salvadorans convicted of crimes in the United States to serve their sentence time in El Salvador. He asked for U.S. financial assistance to construct special centers for deportees and for a legal agreement that would allow Salvadorans arrested in the U.S. to server their prison sentences in El Salvador. Saca said such an arrangement

would permit El Salvador to have greater control over criminal deportees and better re-integrate such people into Salvadoran society once they were released. The Undersecretary told President Saca about an initiative of the First Lady, who had met in Chicago recently with people who had been successful in dealing with crime at the grassroots level. She said she would look into the possibility of sending U.S. experts to El Salvador to talk about their program.

¶11. (C) Lastly, Saca asked for new helicopters for the Salvadoran armed forces. These machines would be helpful with rescue operations, not only in El Salvador but throughout the region. New aircraft and other initiatives, such as a program underway with the Food and Agriculture Organization to preposition emergency food in El Salvador, could make El Salvador could be a center for emergency response. Lainez added that El Salvador had the highest natural disaster profile in Latin American. Saca said he would send this request through Department of Defense channels.

¶12. (U) This cable has been cleared by A/S Shannon.

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Barclay